GOVERNMENT OF INDIA
CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:5100
ANSWERED ON:27.04.2000
SUBSIDY ON FOODGRAINS
NAWAL KISHORE RAI;SHANKERSINH VAGHELA

Will the Minister of CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government have taken any measures other than increasing the consumer sale price to reduce the amount of subsidy;

(b) if so, the details thereof; and

(c) the estimated savings following these measures?

Answer

MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION

(SHRI SRIRAM CHAUHAN)

(a) Yes, Sir.

(b) The details of measures taken by the Government to reduce the amount of subsidy are as follows:

1. Open sale of wheat under OMSS(D) at prices above the Central Issue Prices for TPDS in respect of BPL population;
2. Decentralized procurement and distribution of wheat and rice through States willing to participate in the scheme; and
3. Reducing handling cost of FCI through
(i) achieving the average capacity utilization of 75% to reduce the storage cost even though procurement of grain is seasonal;
(ii) ensuring strict quality control measures during procurement/storage;
(iii) issuing of old stocks, disposing off C&D category; and
(iv) controlling the administrative cost by following minimum recruitment of resultant entry level posts irrespective of the increased volume of operations.

(c)
(i) The estimated savings in food subsidy on account of open sale of wheat under OMSS(D) will depend upon off-take of wheat during the year.

(ii) Scheme of decentralised procurement and distribution of rice has been commenced in West Bengal from the Kharif Marketing Season 1997-98. For wheat, the States of Uttar Pradesh andMadhya Pradesh commenced this scheme from the Rabi Marketing Season 1999-2000. The amount of savings in food subsidy, in this regard is given below:-

RICE

Rs./quintal

State	Year	Economic cost of FCI (Actual)	Economic cost of State Govt.	Subsidy Saving (per quintal)
West Bengal	1997-98	939.33	824.35	114.98
	1998-99	974.86	868.40	106.46
	1999-2000	1075.45	946.30	129.15

WHEAT

Rs./quintal

State	Year	Economic cost of FCI (Actual) 50 kgs. Bag	Economic cost of State Govt. 50 kgs. Bag	Subsidy Saving

Uttar Pradesh	1999-2000	820.00	779.01	40.99
Madhya Pradesh	1999-2000	820.00	751.91	68.09